

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT

UNCLAS STATE 250016

E.O. 11652: N/A

TAGS: BMEP, KU

SUBJ: LPG TANKER FLEET

REFS: STATE #242315, KUWAIT #4203

1). THE MAJOR EXPORT PROJECTS DIVISION WORKING THROUGH
THE MARITIME ADMINISTRATION CONTACTED NINE U.S. SHIPYARDS
IN REGARDS TO THE LPG FLEET. THEIR COMMENTS, TO THE QUESTION
OF IF THEY WERE INTERESTED IN FURTHER INFORMATION, ARE AS FOLLOWS:

. BATH IRON WORKS - INTERESTED IF DELIVERY IN 1978

. BETHLEHEM STEEL - NO INTEREST

. AVONDALE SHIPYARDS - INTERESTED AND HAVE PERFORMED
PREPARATORY WORK FOR LPG TANKER CONSTRUCTION.

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. GENERAL DYNAMICS - INTERESTED

. INGALLS SHIPYARD - INTERESTED IF DELIVERY SCHEDULED FOR
EARLY 1978.

. LOCKHEED SHIPBUILDING - INTERESTED.

. MARYLAND SHIPBUILDING - INTERESTED.

. NEWPORT NEWS - INTERESTED IF DELIVERY NOT PRIOR TO 1978.

. TODD SHIPYARD - NOT INTERESTED IF PROJECT INVOLVES WORLD
WIDE COMPETITION.

2) THIS INITIAL POLL DOES SHOW THE INTEREST OF U.S. SHIPYARDS
IN PARTICIPATING IN THE CONSTRUCTION OF THE LPG FLEET. HOWEVER
MARITIME ANTICIPATES A COST DIFFERENTIAL OF 15-20 PER CENT OVER
COMPETING FOREIGN SHIPYARDS. BASED ON THIS DIFFERENTIAL STANDARD
EXIMBANK CREDITS WOULD MOST LIKELY BE UNABLE TO OFFSET THIS
DEFICIT. IN ORDER TO CAPITALIZE ON THIS OPPORTUNITY (I.E.
OFFSET THE COST DIFFERENTIAL) U.S. MARITIME SUBSIDIES WOULD HAVE
TO BE EMPLOYED. UNDER THESE PROGRAMS U.S. OWNERSHIP MUST BE
AT LEAST 50 PER CENT AND U.S. CREWS AND REGISTRY ARE REQUIRED.
(FYI: KUWAITI'S CAN PARTICIPATE UP TO 49 PER CENT).

3) MEPD/MARAD ARE CONFIDENT OF THE INTEREST AND CAPABILITIES OF
U.S. FINANCE AND OPERATING COMPANIES. WE WILL CONTACT THESE
GROUPS AS SOON AS MORE DEFINITIVE INFORMATION IS RECEIVED.

4) REQUEST THAT EMBASSY INFORM KUWAITI'S OF INTEREST OF U.S.
SHIPYARDS IN CONSTRUCTING THE LPG FLEET. APPRECIATE EMBASSY
KEEPING US INFORMED OF DEVELOPMENTS PARTICULARLY IN REGARDS TO
POINTS RAISED IN THIS AS WELL AS REFERENCED CABLE.
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